

REMARKS

The application has been thoroughly reviewed in light of the February 4, 2004 Office Action. Claims 1, 2, 4, 6-8, 10, 12, 14-17, 20-24, 26-30 and 35 are pending. Claims 1, 14, 17, 30 and 35 are independent. Claims 3, 18, 19 and 31-34 have been canceled without prejudice and/or disclaimer of subject matter. Claims 1, 2, 4, 14, 17, 30 and 35 have been amended and support for the amended claim language may be found throughout the application, particularly with reference to page 12, after the second full paragraph, and continuing to the end of the second full paragraph on page 13 (approximately the middle of the page). Claims 5, 9, 11, 13 and 25 were previously canceled without prejudice and disclaimer of subject matter. Each of the issues raised in the outstanding Office Action are addressed below.

Prior Art Rejections

The Action stated the following prior art rejections:

- Claims 30 and 35 were rejected under §102 as being anticipated by U.S. patent 6,286,099 (Kramer);
- claims 1-4, 6-8, 10, 12 and 27-28 were rejected under §103 as being obvious over U.S. patent 6,286,099 (Kramer) in view of U.S. patent 6,246,996 (Stein et al.)
- claims 14-26 were rejected under §103 as being obvious over Kramer in view of U.S. patent 5,870,723 (Pare, Jr. et al.) further in view of U.S. patent 6,075,796 (Katseff et al.); and
- claims 31-34 were rejected as being obvious over Kramer in view of Katseff et al.

For the following reasons, Applicant respectfully submits that the claimed invention is

patentable over the prior art.

The Cited Prior Art

As understood by Applicant, Kramer appears to disclose a method for determining point of interaction security properties and ensuring secure transactions in an open networking environment. Specifically, a communication is established between a first electronic device and a second electronic device using a public network. Digital certificates are then exchanged to validate the parties and to provide a secure channel for transmission of data. Device security properties of the first electronic device are determined based on information transmitted by the first electronic device to the second electronic device, thereby allowing the second electronic device to accept or reject a transaction request from the first electronic (in part) on the device security properties of the first electronic device (see column 2, line 66, through column 3, line 10).

As also understood by Applicant, Stein et al. is directed to a computerized system for facilitating transactions between parties on the internet using email. The system provides cardholder accounts for first and second internet users for the purchase of information product over the internet. When the second user sends information product to the first user over the internet, the second user also makes a request over the internet to a front end portion of the system requesting payment from the first user, which notifies the first user, who may approve or deny payment.

As understood by Applicant, Pare, Jr. et al. appears to disclose a method and system for tokenless biometric transaction authorization. A buyer enters personal authentication information including a PIN and a biometric sample (e.g., fingerprint), which is forwarded to a computer system. The computer system compares the personal authentication information with previously registered buyer biometric samples. If the computer system successfully identifies the buyer, a financial account of the buyer is debited and a financial

account of the seller is credited. Pare is also understood to disclose certain security features used in a biometric transaction system to identify fraudulent transactions.

As further understood by Applicant, Katseff et al. is directed to methods and apparatuses for providing improved quality of packet transmission in internet telephone applications by converting between TCP and user datagram protocol (UDP).

Analysis

Anticipation (35 U.S.C. §102)

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” M.P.E.P. 2131, quoting, *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 U.S.P.Q.2d 1051, 1053 (Fed. Cir. 1987).

Obviousness (35 U.S.C. §103)

In order to establish a *prima facie* case of obviousness, three criteria must be met:

1. there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings;
2. there must be a reasonable expectation of success; and
3. the prior art references must teach or suggest all the claim limitations.

See M.P.E.P. §2143.

Claims 3, 18, 19 and 31-34

With regard to the rejection of claims 3, 18, 19 and 31-34, these rejections are considered moot since these claims have been canceled. Accordingly, withdrawal of the rejection as to these claims is respectfully requested. With regard to the remainder of the claims, Applicant respectfully submits the following.

Claims 1, 2, 4, 6-8, 10, 12, 17, 20-24, 26-30 and 35

Amended independent claim 1 is directed to a method of transaction processing which includes operating a wireless transaction terminal in a first mode, where during a transaction, communication of transaction information with a first server is delayed. The method also includes alternately operating the transaction terminal in a second mode, where communication of the transaction information with the first server occurs during the transaction. The method further includes accessing a wireless communications network and sending first transaction information for a transaction from the transaction terminal across the communications network, receiving and processing the first transaction information at the first server, storing at least a portion of the first transaction information and the first server sending second transaction information based on the first transaction information to a transaction processor. Independent claims 17 and 30 recite the same patentable features.

Amended independent claim 35 is directed to a server for transaction processing which includes a processor for receiving and processing first transaction information for a pending transaction from a wireless transaction terminal and communication means for: providing replies for use in transaction processing to the transaction terminal prior to or during a transaction, sending second transaction information based on the first transaction

data to a transaction processor for obtaining approval information for the pending transaction, receiving the approval information from the transaction processor and forwarding all or a portion of the approval information to the transaction terminal. The server accesses a memory for storing the first transaction information and wherein the stored transaction information is accessible via the Internet.

Accordingly, Applicant could find nothing in any of the cited references, when taken alone or in any combination, that discloses, teaches or suggests a method of transaction processing, or a system or server for transaction processing, where a wireless transaction terminal includes two modes of operation. Moreover, none of the references discloses, teaches or suggests the two mode operation where, in a first mode, the transaction terminal delays sending transaction information to a server and a second mode where transaction information is sent to the server during the transaction. In addition, Applicant could also find nothing in Kramer, either alone or in combination with any of the other prior art references of record, which discloses (or teaches or suggests) all the features of claim 35. Specifically, there is nothing in the art of record which discloses a server which provides replies for use in transaction processing to the transaction terminal prior to or during a transaction.

In the claimed invention, for example, the two mode method of operating a transaction terminal may include a “pseudo” thin-client mode and a true thin-client mode, each including a separate defined menu. One menu governs operation in the pseudo thin-client mode, where replies are downloaded from the server in advance and stored locally in the transaction terminal. Thus, in response to a card swipe, for example, instead of transmitting card data *immediately* to the server and waiting for the server to reply, the terminal device can retrieve the reply from memory. See specification, page 12, line 19, through page 13, line 2. This is particularly useful in battery operated wireless transaction terminals – the pseudo thin-client mode preserves battery life (e.g., information for multiple transactions could be sent together at a later time, or transaction information can be sent to the server during a time of day when a wireless network is not busy).

The second menu governs operation in the true thin-client mode, where responses are not stored locally but are sent from the server, and thus, after a credit card swipe, transaction information is sent to the server during the transaction. See specification, page 13, lines 13-16.

At most, the Kramer reference merely discloses methods and systems for security measures in a transaction system, using, for example, digital certificates. There is no disclosure or teaching in Kramer, or in the prior art of record either alone or in any combination, of a method of operation, or of a system/network or server having the features as recited in the claims. Specifically, there is no disclosure, teaching or suggestion in the prior art of record for a method of transaction processing (or a corresponding system, network or server), having a wireless transaction terminal with two modes of operation as claimed (e.g., delayed and contemporaneous), or where replies are provided by a server to a transaction terminal prior to or during a transaction.

For at least the above reasons, independent claims 1, 17, 30 and 35 are believed patentable over the cited prior art. Since the remainder of the claims, except for claims 14-16, are each dependent upon either one or the other of independent claims 1, 17, 30 and 35, these claims are also patentable for the same reasons. However, each claim is also believed to be separately patentable, and thus Applicant respectfully request that the Examiner review each claim accordingly for patentability in its own right.

Accordingly, Applicant respectfully requests that the prior art rejections of claims 1, 2, 4, 6-8, 10, 12, 17, 20-24, 26-30 and 35 be withdrawn.

Claims 14-16

Independent claim 14 is directed to a method for transaction processing and includes a server provided at a first location and receiving an action from a customer remotely

communicating with the server via the Internet at a second location. The action for application on a wireless transaction terminal which is in communication with the server. The method also includes the server communicating the action to the transaction terminal to apply the action thereto. Such actions may be terminal activation or deactivation (claim 15), and/or terminal diagnostics (claim 16).

The Action indicates that the same portion of the Kramer disclosure used by the Examiner in rejecting claim 1 also discloses the invention recited in claim 14. Applicant again could find nothing in any of the cited reference or any of the prior art of record (alone or in any combination) which discloses all of the features of the invention recited in claim 14. For example, there is nothing in either of the references, which discloses, teaches or suggests a server receiving an action from a customer remotely, and the server communicating the action to a wireless transaction terminal. For at least those reasons, the invention of claim 14 is patentable over the cited art.

With regard to claims 15 and 16, these claims recite the features of the action comprising activation or deactivation of the terminal (claim 15) and terminal diagnostics (claim 16). As stated in the specification on page 8, lines 10-14, which states:

“In addition to translation gateway services (i.e., any necessary message reformatting and protocol conversion), the WEPS servers perform other value added services such as terminal activation (IP activation in the case of CDPD, Radio ID activation in the case of ARDIS), remote diagnostics, transaction reporting, signature capture, email, etc.”

The Action indicates that Pare, Jr. et al., at column 42, lines 6-14, discloses remote activation or deactivation of a wireless transaction terminal. Applicant respectfully disagrees. This section of the Pare, Jr. et al. appears to be directed to customer support and system administrative messages for databases at a DPC (Data Processing Center).

Specifically:

“Customer Service Tasks

IBD: find, activate, deactivate, remove, correct records, change PINs.

AID: add or remove authorized individuals.

AOD: find, add, remove, correct records.

VAD: find, activate, deactivate, remove, correct records.

RSD: find, add, remove, correct records.

PFD: add, remove, correct records.”

Immediately prior to this, the specification states:

“The DPC handles additional message types classified as internal messages. The DPC does not accept these messages from non-DPC systems. The messages are database vendor specific. However, the internal network uses DES-encrypted packets to provide additional security.

The Customer Service and System Administration tasks are implemented using the database vendor’s query language and application development tools.

Accordingly, Applicant respectfully submits that the Pare, Jr. et al. disclosure is not discussing applying an action at a transaction terminal via a server, but rather, the disclosure discusses that a second DPC communicates with a first DPC for editing individual databases. Nothing in this portion of Pare, Jr. et al. is apparent to Applicant, for that matter, that would disclose terminal activation or deactivation as recited in claim 15, or terminal diagnostics as recited in claim 16.

Thus, for at least the above reasons, claims 14-16 are patentable over the prior art and Applicant respectfully requests that the prior art rejections of claims 14-16 be withdrawn.

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Amtd. Dated: August 4, 2004
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CONCLUSION

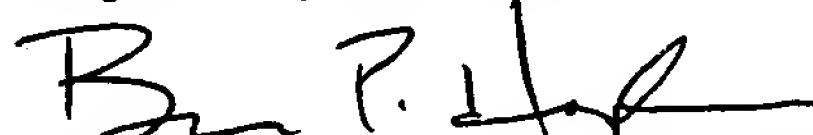
In view of the foregoing remarks, Applicant respectfully submits that all issues raised in the February 4, 2004 Office Action have been addressed and request favorable reconsideration of the subject application. Applicant also respectfully requests that all of the prior art rejections issued in the outstanding Office Action be withdrawn and that the subject application be allowed.

No fees, aside for the fee due for the extension of time for responding to the outstanding Action, are believed due with this response. In the event that it is determined that additional fees are due, however, the Commissioner is hereby authorized to charge the undersigned's Deposit Account No. 50-0311.

Applicant's undersigned attorney may be reached in our New York office by telephone at (212) 935-3000. All correspondence should be directed to our New York office address, which is given below.

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Respectfully submitted,



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